



DEMOCRATS CALL FOR ACTION ON GAS PRICES

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Richard A. Gephardt, House Democratic Leader
Martin Frost, Chairman, House Democratic Caucus



A joint report
by the
House Democratic Policy Committee
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Democratic Caucus Task Force
on Oil and Gas

THEY DON'T NEED HOT AIR IN THE WINDY CITY

Democrats Call on the GOP Congress to Get Serious about Gas Prices

As if by magic, the Republican Congress has actually made 570 million barrels of oil disappear! Eighty-four days ago the President's authority to use the Strategic Petroleum Reserve (SPR) during energy emergencies vanished. Despite a 25 cents a gallon price hike since May 1st — and a headline-making 50-plus increase in Chicago, Milwaukee and other parts of the Midwest — Republican Leaders have no plans to reauthorize SPR. That's quite a trick they're playing on American consumers.

While GOP Leaders blame others for being “asleep at the wheel,” apparently they forgot they are in the driver's seat. Where is SPR? Where is the Northeast Heating Oil Reserve? Why are they cutting energy efficiency and renewable programs? Why are they trying to kill the Department of Energy? Why isn't Congress investigating widespread allegations of price gouging? Why are they blocking action on Democratic energy proposals?

While consumers are gouged by high prices, Republican Leaders launch harsh, partisan attacks. Republican sources boast to the press about their plans for turning a national energy crisis into a political advantage. Now is the time to drop politics and help American families. Democrats call on Congress to take immediate, commonsense steps to help consumers now, before further inaction hurts the economy and costs jobs:

PASS SPR NOW!

The fact is SPR is a powerful tool that the President can use when he is bargaining with foreign producers for an increase in global oil production. OPEC ministers met in Vienna this week! In addition, SPR can alleviate supply shortages, as the President proved this week with three limited “swaps” of crude to refineries in Louisiana — the only option now left to the President following expiration of sale authority on March 31st.

On Tuesday, June 20th, Democrats succeeded in Committee in attaching a SPR reauthorization to the Energy & Water Appropriations. Republican Leaders at first tried to block the proposal, and later made no commitments to provide a rule for the bill that would protect SPR.

CREATE A HEATING OIL RESERVE NOW!

DOE experts are already predicting that Republican delays in authorizing the creation of a Northeast heating oil reserve will cause low inventories and high prices this Winter. Republican Senate Leader Trent Lott refuses to act to protect consumers from a repeat of last Winter's record high heating prices — prices that eventually cost the government millions in additional payments in assistance for low income elderly and families. More delays hurt more people!

INVEST IN ENERGY INDEPENDENCE!

On June 20th, Republican Appropriators voted to cut renewable energy research by \$106 million in the Energy & Water bill. Last week, Republicans passed a \$211 million cut in the President's request for energy research in the Interior bill.

The Budget Committee Report for FY1997 actually recommended abolishing the Department of Energy, and further cut energy conservation programs 62% over five years. In 1995, when Republicans took control of both the House and Senate, they cut energy efficiency programs 26%. (\$1.117 billion in FY1995 was cut to \$840 million in FY1996). In 1995, Republicans cut the Weatherization Assistance Program by 50 percent. Indeed, according to DOE, if the Republicans had just level funded the Weatherization Assistance program between 1996 and 2000, the Energy Department could have provided assistance to 250,000 more households.

Up to the current year, the GOP has slashed funding for solar, renewables, and conservation programs by a total of \$1.338 billion below Clinton Administration requests. Now that number tops \$1.6 billion! Despite these facts, GOP Leader Dick Arney blamed the Administration on June 21st for leaving the US "overly dependent on foreign oil."

GET A REAL ENERGY POLICY!

In April of 1999 — after OPEC's production cuts started a sharp rise in prices — Republican leaders Dick Arney, Tom Delay, and Roy Blunt joined Budget Chair John Kasich and 34 other Republicans to introduce H.R. 1649 the "Department of Energy Abolishment Act."

The Arney-Delay Energy Bill eliminated the Energy Department and with it oil conservation programs and research and renewable energy conservation and research. It took energy policy out of the cabinet, and sold off the SPR and the Navy's petroleum reserves.

This week — despite the prices consumers are paying at the pump — bill sponsor Rep. Tiahrt sent a letter asking members asking for further support for H.R. 1649.

Republican Leaders have put forward only two proposals this year. First, they called for ignoring environmental concerns and to drill for oil in the Arctic National Wildlife Reserve — a step that would take years before crude would appear on the market. Second, Senator Lott and George W. Bush spent weeks calling for a risky gas tax suspension that could have jeopardized billions of dollars in highway and transit money without any guarantee that the savings would go to consumers — and not end up contributing to the record setting increase in industry profits. Senator Lott's proposal was defeated on April 11th, when he fell 17 votes short of cloture, gathering only 43 votes in support, while 56 voted against.

INVESTIGATE PRICE GOUGING!

This week the Federal Trade Commission (FTC) announced they had sufficient evidence to begin investigating high gas prices in the Midwest. As the FTC begins to issue subpoenas this week, GOP Leader Armey called on June 21st for an end of “finger pointing” at big oil.

The facts are Mr. Armey, that the largest oil companies are reporting net income up well over 200 percent over the same period last year. Last week, when federal officials began looking at Midwest gas prices, wholesale prices began a sudden 25 percent drop — yet retail prices in the region climbed an additional five cents a gallon! One economic analyst predicted this week that high prices could cost Chicago consumers \$1 billion and 36,000 jobs by the end of the year.

Despite refiners’ claims that the cost for blending clean-burning gasoline is pushing up prices in Chicago and Milwaukee, other cities using cleaner gas are not seeing the same high prices. Despite Science Committee Chairman Sensenbrenner’s and GOP Leader Armey’s efforts to blame ethanol, the key component to clean fuel in the Midwest — produced from corn grown by thousands of Midwest farm families — other ethanol using communities, like nearby St. Louis, have prices that are 50 cents lower. In fact, in June, the wholesale prices for ethanol-blended gas in Chicago and Milwaukee have averaged less than ten cents higher than St. Louis — but retail prices in Chicago and Milwaukee have been 40 cents higher.

Yet, rather than hold bipartisan hearings to protect consumers, Government Reform Committee Chairman Dan Burton — with no notice to Committee Democrats — announced he is targeting the White House in a gas price hearing next week.

PASS THE DEMOCRATIC ACTION PLAN!

We need to take immediate steps to protect American producers. Democrats and the Administration have proposed a long list of policy initiatives that would encourage domestic efficiency, increase US production, and protect consumers:

- C Fully fund the Administration’s request for energy efficiency and renewables programs, and give FTC the resources to aggressively investigate allegations of gas price fixing.
- C Provide tax incentives to keep marginal wells in production and to encourage domestic oil exploration. Marginal wells account for over 20% of the US’s on-shore oil production. Give priority to buying domestic crude from marginal wells during times of low prices, and use these purchases to fill the over 110 million barrels in excess capacity in SPR.
- C Pass tax incentives for renewable energy sources, and tax credits for high efficiency homes, buildings and vehicles.